GOVERNMENT OF INDIA
NON-CONVENTIONAL ENERGY SOURCES
LOK SABHA

STARRED QUESTION NO:205
ANSWERED ON:20.07.2004
UNIFORM POLICY FOR SMALL HYDRO POWER PROJECTS
Reddy Shri Magunta Sreenivasulu

Will the Minister of NON-CONVENTIONAL ENERGY SOURCES be pleased to state:

(a) whether the Government proposes to bring a uniform policy for the development of Small Hydro Power Projects in the country;

(b) if so, the details thereof;

(c) whether some State Governments have shown their reservations towards the said policy;

(d) if so, the details and the reasons therefor; and

(e) the steps taken by the Government to resolve the issue?

Answer

MINISTER OF STATE OF THE MINISTRY OF NON-CONVENTIONAL ENERGY SOURCES (INDEPENDENT CHARGE) (SHRI VILAS MUTTEMWAR)

(a) to (e): A Statement is laid on the table of the House.

Statement referred to in reply to parts (a) to (e) of the Lok Sabha Starred Question No. 205 for 20.7.2004 regarding Uniform Policy for Small Hydro Power Projects by Shri Magunta Sreenivasulu Reddy

(a) to (e): Power is a concurrent subject and the Ministry of Power is responsible for making the General Policy in the electric power sector for the country. Under the Electricity Act, 2003, the Central Government, from time to time, is responsible for preparing the national electricity policy and tariff policy, in consultation, among others, with the State Governments for the optimal utilisation of all resources, including renewable sources of energy that cover Small Hydro Power (SHP) projects upto 25 MW station capacity. These two policies will contain the broad principle of action. Further, these policies will have to be given effect by State Electricity Regulatory Commissions (SERCs) for announcing tariffs, charges for wheeling and banking etc., within the respective States. Since the conditions and risk perceptions vary considerably across States, the decisions of SERCs for tariffs etc. may not be uniform.

Ministry of Non-Conventional Energy Sources is implementing incentive schemes for the development of SHP sector in the country. Subsidies are given for Detailed Project Report (DPR) preparation, Government and commercial projects, renovation and modernisation of old SHP projects, completion of languishing SHP projects and for development & upgradation of watermills. The quantum of subsidy under these schemes is given in the enclosed table.

Different levels of subsidies are provided under the SHP incentive schemes for three distinct geographical classifications, namely special category States, notified hilly areas of other States & Islands and plain areas of all other States. These classifications and quantum of subsidy have been arrived at after taking into consideration facts such as remoteness, backwardness, size & relative cost of setting up SHP projects, financial risk perceptions and availability of funds.

Some States, notably Bihar, Sikkim, Meghalaya have requested for higher levels of subsidy for projects implemented by them. Their request could not be acceded to because of fund limitations. However, a major portion of capacity addition in SHP sector is coming through investment being made by the commercial sector, who have not raised any issue regarding upward revision of subsidy rate.

Table

SUBSIDY UNDER MNES SCHEMES FOR SHP PROJECTS UPTO 25 MW STATION CAPACITY

Sl.No.	SCHEMES	AREAS	INCENTIVES / SUBSIDY		
	CAPACITY OF PROJECT		Upto 1MW & upto 10 MW	Above 1 MW & upto 25 MW	Above 10 MW
I.	Detaled Project Report	N E Region, Sikkim, J&K, H.P. & Uttaranchal (Specially	Rs. 1.75 lakhs	Rs. 3.00 lakhs	Rs. 5.00 lakhs

Category States)

Notified hilly regions of all other States & Islands: Rs. 1.50 lakh | Rs. 2.50 lakhs | Rs. 4.00 lakhs

Plain & other regions of all other States: Rs. 1.25 lakhs | Rs. 2.00 lakhs | Rs. 3.00 lakhs

CAPACITY OF PROJECT	Upto 100 KW	From 101 KW to 999 KW	From 1 MW to 25 MW

II. Government sector SHP projects — N E Region, Sikkim, J&K, H.P. & Uttaranchal: 90% of the project cost upto - Rs.60,000 per KW | Rs.60 lkhs plus Rs.43,250/KW | Rs.4.5 crs plus Rs.75 lakhs/MW

Notified hilly regions of all other States & Islands: 60% of the project cost upto - Rs. 40,000 per KW | Rs.40 lkhs plus Rs. 28,850/KW | Rs.3.0 crores plus Rs.50 lakhs/MW

Plain & other regions of all other States: 40% of the project cost upto- Rs. 20,000 per KW | Rs.20 lkhs plus Rs. 14,425/KW | Rs.1.5 crs plus Rs. 25 lakhs/MW

III. Private, Joint sector & Other SHP projects — N E Region, Sikkim, J&K, H.P. & Uttaranchal: 45% of the project cost upto- Rs. 30,000 per KW | Rs.30 lkhs plus Rs. 21,625/KW | Rs.2.25 crs plus Rs. 37.5 lakhs/MW

Notified hilly regions of all other States & Islands: 30% of the project cost upto - Rs. 20,000 per KW | Rs.20 lkhs plus Rs. 14,400/KW | Rs.1.5 crs plus Rs. 25 lakhs/MW

Plain & other regions of all other States: 20% of the project cost upto - Rs. 10,000 per KW | Rs.10 lkhs plus Rs. 7,200/KW | Rs.0.75 crs plus Rs. 12.5 lakhs/MW

IV. Renovation & Moderni- sation of old SHP projects — N E Region, Sikkim, J&K, H.P. & Uttaranchal: 75% of the R & M cost upto - Rs. 30,000 per KW | Rs.30 lkhs plus Rs. 21,625/KW | Rs.2.25 crs plus Rs. 37.5 lakhs/MW

Notified hilly regions of 75% of the R & M cost upto -

	all other States & Islands		
		Rs. 20,000 per KW	Rs.20 lkhs plus Rs.1.5 crs plus Rs. 14,400/KW Rs. 25 lakhs/MW
	Plain & other regions of all other States	75% of the R & M cost upto - Rs. 10,000 per KW	Rs.10 lkhs plus Rs.0.75 crs plus Rs. 7,200/KW Rs. 12.5 lakhs/MW
V. Languishing SHP projects	N E Region, Sikkim, J&K, H.P. & Uttaranchal	75% of the balance project cost upto - Rs. 30,000 per KW	Rs.30 lkhs plus Rs.2.25 crs plus Rs. 21,625/KW Rs. 37.5 lakhs/MW
	Notified hilly regions of all other States & Islands	75% of the balance project cost upto - Rs. 20,000 per KW	Rs.20 lkhs plus Rs.1.5 crs plus Rs. 14,400/KW Rs. 25 lakhs/MW
	Plain & other regions of all other States	75% of the balance project cost upto - Rs. 10,000 per KW	Rs.10 lkhs plus Rs.0.75 crs plus Rs. 7,200/KW Rs. 12.5 lakhs/MW
VI. Development & Up-gradation of Water Mills	All over the country	75% of project cost upto Rs. 30,000/WM for mechanical application.	
		75% of project cost upto Rs.1.00 lakh/WM for mechanical & electrical applications or electrical applications only.	